From: Fountain, Heath
To: Director - FASB

Subject: Comment Letter on File Reference: No. 1810-100

Date: Wednesday, September 29, 2010 10:06:02 PM

Mr. Russell G. Golden Financial Accounting Standards Board Via e-mail (director@fasb.org)

File Reference: No. 1810-100, Financial Instruments and Derivatives and Hedging – Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

Thank you for the opportunity to comment on the above referenced exposure draft. While we believe in providing accurate and robust information for our shareholders and potential investors, we must respectfully request that this exposure draft be withdrawn.

Our company is a community bank with assets of approximately \$680 million and 16 branch locations in South Georgia and North Florida. Although I think this standard would be especially burdensome to community banks like ours, I believe it should never be applied to an institution of any size. There are many reasons for my objection, including the following:

- 1. Accounting for loans and deposits at fair market value is highly subjective and is based on too many assumptions.
- 2. Despite their sophistication, most banks would have to outsource the valuation of loans and deposits to third parties which would be costly and lead to less accurate financial statements.
- 3. Unsophisticated investors and most sophisticated investors could not be expected to understand the financial statements based on this draft without also utilizing more sophisticated third parties to help them interpret the vast assumptions and calculations used.
- 4. The implementation of this exposure draft would likely lead to a separate set of accounting standards for bank regulatory purposes. This would be implemented by regulatory agencies because they are likely to realize that the current accounting methodology provides much more useful information as to the safety and soundness of a financial institution than this proposed draft would provide. Having two sets accounting of standards would be costly, and would be confusing to investors who would likely utilize both.
- 5. The increased costs of compliance with this standard would ultimately be passed on to consumers and businesses in the form of higher interest rates on loans, higher fees and lower rates on deposit accounts.
- 6. Financial institutions balance sheets would become subject to vast swings based on relatively small changes in assumptions, especially for banks that invest in long-term loans. This volatility would almost certainly be met by the elimination of long-term loans, and probably the elimination of the fixed-rate loan. It would also require banks to maintain much higher capital levels, which would be damaging to the U.S. and world economies.

It seems to me that for the past several years, the FASB has been more concerned with achieving the most academically ideal accounting standards, and less concerned with the practical implications of those standards. The FASB has created more complex accounting standards that require an ever increasing level of subjectivity, and at the same time, provide little or no benefit to the users of financial statements. In fact, it is my opinion that most of these complex standards actually make the financial statements of less use to the end user. Complex and assumption loaded standards like this proposal belong in the footnotes, if anywhere, and not on the face of the financial statements.

I hope the FASB will consider these points and withdraw this exposure draft.

Sincerely,

T. Heath Fountain Chief Financial Officer

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